



1/16 Star
~~Confidential~~

(b)(1)
(b)(3)

Intelligence Report

DCI Environmental Center

12 January 1998

Robust Global Environmental Agenda For 1998

Follow-up activities to the December 1997 Kyoto Climate Change agreement will dominate the international environmental agenda over next year with many divisive issues to be resolved prior to the Fourth Conference of Parties (COP) in Argentina next fall. Developed countries will struggle with devising strategies for carbon reduction during 2008-2012, the first emissions reduction period, and many LDCs, particularly China and India, are likely to continue resisting future reduction targets for themselves. Other meetings will address issues such as the global management of the oceans, negotiations on a ban on dangerous chemicals, and the growing concern about noncompliance with international environmental agreements.

Next Steps After Kyoto

Governments will be assessing the economic impact of the Kyoto accord and mapping out policy measures to implement their emissions commitments. **Canada and other energy-intensive countries will have a tough time selling the negotiated reduction targets to their domestic audiences.**

- The Japanese Cabinet has proposed a package including improved energy efficiencies in auto transport, construction of more nuclear plants, and tree planting to absorb carbon dioxide.
- The EU has a list of policies for member states to adopt, but the European Commission will first reevaluate the policy implications of reducing emissions of six greenhouse gases, as agreed at Kyoto, rather than the three it had decided upon earlier. In addition, the EU Council will debate an equitable burden-sharing formula allocating emissions obligations among the larger and smaller member states.
- Developed countries also will set the guidelines under which emissions trading and joint implementation programs will be permitted. The EU insists that developed countries should be allowed to count emissions-

APPROVED FOR RELEASE
DATE: 17-May-2011

DEC IR 98-001

~~Confidential~~

reducing investments in LDCs against only 30 percent of their own targets, while the US is counting on this device as a principal means of reaching US emissions reductions. [redacted]

A top priority for developed countries will be bringing China and India--the two largest emitters outside of the US and Europe--into the expanding circle of G-77 countries willing to at least consider voluntary caps on the growth of emissions.

- In Kyoto, key LDCs, such as Argentina, Chile, and Mexico, broke ranks with China and India by supporting the US proposal for an opt-in mechanism for advanced LDCs, emissions trading, and joint implementation.
- China and India, however, are likely to remain strident in their opposition to emissions targets for developing countries which they see as brakes on economic growth. [redacted]

Other Negotiations Underscore Divisive Issues

POPs. UN-sponsored sessions to draft a treaty on persistent organic pollutants (POPs) made progress last year on finalizing the initial list of substances--mostly pesticides and other chemicals--and control measures to be included in the draft protocol, but significant differences exist mainly between the US and the EU on the process and criteria for adding new substances to the protocol. Delegates will be hard pressed to have a draft ready to present to the first formal negotiating session scheduled for June.

- [redacted] Washington remains isolated in its position that any proposal to add new substances require a rigorous review to demonstrate that it meets scientifically based criteria. The EU--particularly the Nordics and the UK--favors a less stringent process allowing the Executive Body of the UN/Economic Commission for Europe's Long Range Transboundary Air Pollution Convention (LRTAP) to make the determination.
- There also is deep disagreement over whether or not to ban outright the import or export of POPs whose production and use are prohibited. The US, Canada, and Italy assert that production and use controls

effectively address the question, while the European Commission is adamant that all POPs exports should be banned and all stockpiles be destroyed to prevent their release into the environment.

- Also in dispute is a phaseout schedule for PCBs that are still in use, with the US, Russia, and Ukraine pressing for voluntary phase outs and the EU--concerned about high numbers of leaking electrical transformers in the NIS countries--demanding firm phaseout dates.

Hazardous Wastes. Debate at the Basel Convention Conference of Parties in February will revolve around the controversial amendment proposed at the last COP to ban exports of hazardous waste from OECD countries to non-OECD countries for disposal and recycling. The debate is over whether to include in the ban wastes, such as scrap metals, plastics, and paper, that are considered by the US and many other OECD countries to be recoverable commodities.

- At a meeting of Basel negotiators in June, Brazil, Chile, the EU, and others said they will support formal adoption in February of the waste classification list drawn up by the Basel Technical Working Group that will exclude most scrap metals, ensuring that the multimillion dollar trade in recyclables will not be disrupted. These countries, along with Canada and Japan, say that limiting the scope of the proposed ban and ending ambiguity over waste classifications has paved the way to agreement at the COP.

Biodiversity/Biosafety. Biosafety negotiations will center around defining which genetically modified organisms (GMOs) and products derived through biotechnology are to be covered under the proposed protocol limiting their use that will be debated at the COP in May. Negotiators will try to defuse looming trade disputes between the US and EU over the EU's proposed eco-labeling scheme and rejection of some GMO products because of environmental and consumer safety concerns.

- The EU is to decide this year whether to adopt the European Commission's recommendation that all products containing GMOs be labeled as such and segregated. **In particular, US exports of gene-altered soybeans and corn would be affected; roughly 60 percent of all processed foods contain soy.**

Oceans. The UN has declared 1998 as the "Year of the Oceans" and, under newly appointed director Klaus Toepfer, former German Environment Minister, will sponsor several meetings aimed at expanding global management of the seas. The Independent World Commission on Oceans, founded in 1995 and headed by former

Portuguese President Soares, recently met in Cape Town and will present its proposals to the UN General Assembly outlining additional measures to halt ocean pollution and over fishing, and to ensure equitable use of ocean resources. No new treaty is likely to result from these discussions, however, because these issues are managed under existing global agreements such as the Law of the Sea and the London Convention, as well as numerous regional accords to control ocean dumping of radioactive and other wastes. [redacted]

Focus on Enforcement. The G-7 (plus Russia) Environment Ministers will meet in Washington in late January to discuss how to move forward domestically and jointly with efforts agreed to last year to better integrate environmental enforcement with traditional law enforcement institutions and agencies. New initiatives may emerge that promote harmonization of data collection and management, and that coordinate existing mechanisms used to track crossborder waste shipments. Interpol and Europol have taken on environmental crimes as an issue over the past few years and may participate in the consultations. Participants are likely to present examples of their efforts to enforce domestic and international environmental agreements, focusing on the illegal trade in CFCs and the lucrative illegal transport and disposal of wastes.

- German participants almost certainly will highlight the arrests their law enforcement agencies made last year of several illegal waste brokers, and the UK--which assumes in January the presidency of the EU and will host the G-7/8 Economic Summit in June--will likely cite the conference it held on environmental crime last year. The UK also can point to high-profile efforts it has taken to crack down on illegal CFCs and endangered species smugglers.
- In addition, Germany, Italy, and the UK are likely to try to deflect criticism of lax enforcement of their environmental rules by citing the recent decision by the European Commission to pursue legal action against several member states--including imposing financial penalties--for infringement of EU environmental directives.

[redacted]

Selected International Environment-Related Meetings

<i>Date</i>	<i>Forum</i>	<i>Venue</i>
21-22 January 1998	G-7/8 Environment Ministers Meeting on Environmental Enforcement	Washington
11-13 February	POPs Working Group on Strategies	Geneva
23-27 February	Fourth Conference of Parties to the Basel Convention on Hazardous Waste	Kuching
19-20 March	WTO Committee on Trade and Environment	TBD
23 March	EU Environment Ministers Meeting	Brussels
28 March	Summit of the Americas	Santiago
2-3 April	OECD Environment Ministerial	TBD
4-15 May 1998	Conference of Parties to the Convention on Biodiversity	Bratislava
18-22 May	Eighth Meeting of Parties to the UN Convention on the Law of the Sea	TBD
22 May-30 September	Lisbon World Exposition (EXPO '98) Theme: The Oceans, a Heritage for the Future	Lisbon
23-25 June	Fourth Environment for Europe Ministerial	Aarhus
30 June	First Global POPs Negotiating Session	Geneva
June/August	Intergovernmental Forum on Forests	TBD
July	Independent World Commission on Oceans	Lisbon
24 August-4 September	Second Conference of Parties to the Convention to Combat Desertification	Dakar
1-3 September	APEC Senior Officials Meeting on Environment	Singapore
November	Tenth Conference of Parties to the Montreal Protocol	Cairo